

SEPTEMBER 2020

A POLICY BRIEF FROM THE  
JACKSONVILLE PUBLIC  
EDUCATION FUND



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**PUBLIC  
EDUCATION**  
FUND

## DEEPER DIVE

# SCHOOL FACILITY **FUNDING**

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In November 2020, Duval County voters will decide on a half-penny sales tax to fund upgrades to public school buildings across the district. Revenue will be spent to improve public school buildings for traditional and charter schools. Following the 2020 passage of House Bill 7097, revenue from the sales tax will be allocated to charter school facilities on the basis of student enrollment. For traditional public schools, revenue will be spent according to the district's master facilities plan, which is based on the condition of the school buildings. To inform community discussions ahead of the vote, the Jacksonville Public Education Fund (JPEF) published research highlighting the importance of high quality school facilities to student performance and achievement. To continue the conversation, this deeper dive looks at the policy and funding landscape of school buildings for both types of public schools.

**River City Science Academy** is a public charter school that serves over 3,000 elementary, middle and high school students with four Jacksonville locations.

# HOW ARE SCHOOL FACILITIES FUNDED IN FLORIDA?

There are five ways school buildings are funded in Florida.

## 1. STATE-MANDATED PROPERTY TAXES SET BY THE LEGISLATURE

Public schools in Florida are funded according to their enrollment, using a measure called Full-Time Equivalent Students (FTE).<sup>1</sup> The state of Florida allocates various pools of funding to public schools based on FTE calculations for each pool. Schools receive a portion of their revenue for capital expenses to fund building construction, renovation and repairs and technology. Each year, every school board in Florida adopts a capital outlay plan and budget that provides a clear, transparent plan for capital spending to constituents.<sup>2</sup> The school board cannot spend any state-allocated funds on any project that is not included in a capital outlay plan and budget.<sup>3</sup>

Capital funding for schools is a combination of local and state dollars. The Florida Legislature sets the minimum property tax ("millage") rate. Local property taxes are collected and sent to the state, and then the state allocates those funds back to local districts along with additional state revenue from federal funds, lottery funds and other state money. The

required local dollars that unlock the state's contributions are called the district's "Required Local Effort" (RLE).<sup>4</sup>

## 2. DISCRETIONARY PROPERTY TAXES SET BY THE SCHOOL BOARD

In addition to the state-mandated local dollars, each school board may also collect additional funds through property taxes to fund operating expenses - such as teacher salaries, supplies and other costs of running a school - as well as capital infrastructure. The discretionary capital outlay millage rate may be used to fund facilities, up to 1.5-mills (which translates to \$1.50 for every \$1,000 of taxable property value),<sup>5</sup> on top of the other funds. Over the last decade, the state has decreased the capital outlay millage rate from 2 to 1.5 mills, exacerbating Duval County's facilities issues.

## 3. ADDITIONAL TAXES APPROVED BY THE VOTERS

Beyond property taxes that can be set at the school board's discretion, the school board may pass a resolution to put a referendum on the ballot for voters to approve increases in millage or sales tax rates.<sup>6</sup> The school board can propose more than one type of tax, but they must be separate items for voters to decide on the ballot.<sup>7</sup> Through voter-approved tax increases, school boards can continue levying additional property taxes up to a total maximum of 10-mills (including the RLE).<sup>8</sup>

# ACCOUNTABILITY FOR VOTER-APPROVED FUNDS

If a school board seeks a voter-approved sales tax increase to support school facilities, there must be a plan for how the proceeds will be used.<sup>9</sup> The facilities plan should include fixed capital expenditures or costs associated with construction, reconstruction, or improvement of school facilities and campuses and any land acquisition, improvement, design or engineering costs.<sup>10</sup> Plans must also include the costs of providing technology, including hardware and software, for various sites within the school district.<sup>11</sup>

Before a sales tax referendum, the state Office of Program

Policy Analysis and Government Accountability (OPPAGA) will conduct an audit of the proposed facilities plan and sales tax revenue, as well as compliance with transparency and performance measures.<sup>12</sup> After a sales tax referendum is approved, the school district must report back to the state to ensure the funds are spent according to the plan. Every year, a report is required to the Office of Economic and Demographic Research by March 15. This report must include an itemized accounting of expenditures as well as details about any loans (or bond issues) the district has taken against the expected revenue over the period of the tax increase.<sup>13</sup>

1. Florida Charter School Alliance, (FCSA). "Charter School FAQs." Florida Charter School Alliance, 2020, [flcharterschool.org/charter-school-faqs/](http://flcharterschool.org/charter-school-faqs/).  
2. Florida Statutes 1013.61  
3. Florida Statutes 1013.61  
4. Florida Statutes 1011.71(1)  
5. Florida Statutes 1011.71(1)-(2)  
6. Florida Statutes 1011.71(2)

7. Florida Statutes, Section 1011.73  
8. Florida Constitution, Article VII, Section 9  
9. Florida Statutes 212.055(6)(b)-(c)  
10. Florida Statutes 212.055(6)(c)  
11. Florida Statutes 212.055(6)(c)  
12. Florida Statutes 212.055(11)  
13. Florida Statutes 212.055(11)

#### 4. FUNDING CONTROLLED BY THE STATE DEPARTMENT OF EDUCATION

One state source of revenue for funding school facility projects is the Public Education Capital Outlay (PECO), which is not controlled locally, but rather, is administered by the Florida Commissioner of Education.<sup>14</sup> PECO funds are a mix of revenue from bonds, state taxes and federal funds.<sup>15</sup> The Florida Department of Education (FLDOE) Board of Education makes decisions about which projects to fund with PECO dollars. In recent years, the board has allocated PECO dollars to the state university system and charter school projects in addition to local traditional public schools.<sup>16</sup>

#### 5. LOTTERY FUNDS MANAGED BY THE FLORIDA LEGISLATURE

Another pool of statewide funding available

for school facility projects is the Lottery Capital Outlay. The state mandates where lottery funding can be spent, with most dollars allocated to Bright Futures scholarships and higher education.<sup>17</sup>

## HOW CHARTER SCHOOL FACILITIES ARE FUNDED

Most charter schools receive federal start-up grant dollars and capital outlay in order to secure a facility and begin operations. In the last decade, the availability of start-up grants has been reduced while demand for and the number of charter schools has continued to increase.<sup>18</sup>

Meanwhile, the state of Florida has made more funding available to charter schools by drawing on revenue previously available only to traditional public schools. Beginning in 2019-

## FAST FACTS ABOUT CHARTER SCHOOLS

**What is a charter school?** By law in Florida, charter schools are free public schools that are considered part of the state's public education system.<sup>19</sup>

**How are they different from traditional public schools?** Charter schools are unique from traditional public schools, in that they have greater autonomy and flexibility to operate, while being held accountable by the state for improving student achievement.<sup>20</sup>

**How are charter schools managed?** Charter schools are governed by an independent board, and operate under contracts or "charters" with the sponsoring school district that allow the charter school to be closed for failing to meet specific academic and/or financial benchmarks.<sup>21</sup>

**Can charter schools earn a profit?** Charter schools are public schools that are financed with taxpayer dollars, and are non-profit organizations. Any surplus in revenues must be used to advance the charter school's educational purposes.<sup>23</sup> While all charter schools are nonprofits in Florida, some charter schools are managed by for-profit educational management organizations (EMOs).<sup>24</sup> These management organizations

provide a variety of services, which may include full administrative oversight, or management, financial, curriculum, or whole-school packages for charter school operators.<sup>25</sup> For-profit management organizations are able to generate profit by reducing labor costs, using economies of scale, and/or providing fewer services.<sup>26</sup>

**Who can attend a charter school?** Charter schools are open to all students on a first come, first serve basis until the number of applications exceeds seat capacity. Florida law requires that charter schools admit students via a random selection process ("lottery") when the number of applications exceeds capacity.<sup>27</sup>

State law also allows charter schools to target enrollment to specific groups of students, including students:

- In specific age groups or grade levels;
- Considered high-risk of dropping out or failing;
- Seeking a specific educational program, i.e. Waldorf or classical educations;
- Residing in a reasonable distance of the school; and/or
- Transferring from one charter school to another.<sup>28</sup>

**How many charter schools are there in Florida?** In the 2018-19 school year, there were more than 654 charter schools in Florida, with enrollment exceeding 313,000.<sup>29</sup> This represents approximately 11% of the nearly 2.85 million student enrollment in Florida schools during that school year. There are 32 charter schools in Duval County.<sup>30</sup>

14. Florida Statutes 1013.65(1).

15. Florida Statutes 1013.65(2)(a)(i).

16. Florida Statutes 1013.65(1) and Florida Department of Education, (FLDOE). "PECO Capital Projects Plans." Florida Department of Education, 2020, [www.fldoe.org/finance/fco/peco-capital-projects-plans.html](http://www.fldoe.org/finance/fco/peco-capital-projects-plans.html).

17. Duval County Public Schools, (DCPS). "Doesn't the Money from the Florida Lottery Fund Schools?" Our Duval Schools, 27 May 2020, [www.ourduvalschools.org/post/doesn-t-the-money-from-the-florida-lottery-fund-schools](http://www.ourduvalschools.org/post/doesn-t-the-money-from-the-florida-lottery-fund-schools).

18. Florida Charter School Alliance, (FCSA). "Charter School FAQs." Florida Charter School Alliance, 2020, [flcharterschool.org/charter-school-faqs/](http://flcharterschool.org/charter-school-faqs/).

19. *ibid.*

20. *ibid.*

21. *ibid.*

22. Plank, David, et al. "Charter Schools and Private Profits." AASA: The School Superintendents Association, 2019, [www.aasa.org/SchoolAdministratorArticle.aspx?id=14510](http://www.aasa.org/SchoolAdministratorArticle.aspx?id=14510).

23. *ibid.*

24. *ibid.*

25. *ibid.*

26. *ibid.*

27. Florida Charter School Alliance, (FCSA). "Charter School FAQs." Florida Charter School Alliance, 2020, [flcharterschool.org/charter-school-faqs/](http://flcharterschool.org/charter-school-faqs/).

28. *ibid.*

29. *ibid.*

30. Florida Department of Education, (FLDOE). "Welcome to Florida's PK-20

20, state funds appropriated in the annual General Appropriations Act and discretionary millage funds are available to charter schools.<sup>31</sup> If general appropriations funds do not meet a certain threshold (based on a baseline student enrollment during the 2018-2019 academic year), revenue resulting from a capital 1.5 mill school board levy must be shared with charter schools. The share of millage revenue is based on a formula that subtracts school district capital debt (accumulated before March 1, 2017) and PECO funded projects, then divides the remaining revenue by the school district's total enrollment. Charter schools then receive an allocation based on their enrollment.<sup>32</sup>

In determining the amount of capital outlay funds a charter school is eligible to receive from state funds, the Florida Department of Education utilizes a calculation largely based on FTE enrollment and student demographics. For example, additional funds are allocated to charter schools if 75% or more students are eligible for the Free-Reduced Lunch program, or for schools with more than 25% of students with disabilities.<sup>33</sup> Additional weight is given if a charter school serves more than one of these groups of students. Once the total funding allotment is calculated, FLDOE allocates capital outlay funds to the district, which distributes them monthly, beginning in the first quarter of the fiscal year (July-September).<sup>34</sup> School districts must distribute capital outlay funds to charter schools no later than February 1 of each year, with additional funds distributed upon receipt from the state until the calculated share is fully distributed.<sup>35</sup> Based on enrollment shifts and recalculated allocations, a charter school's distribution amounts may be adjusted mid-year.<sup>36</sup>

*Wayman is the oldest elementary charter school in Jacksonville. The building is an older church building that was built 30 years or more ago. We struggle due to the lack of funds to renovate or modernize our aging buildings. My students and teachers hold themselves to high expectations and make us all proud, and it's unfair they must face challenges like air conditioners going out and the roof leaking. Time is of the essence in the classroom, and precious hours are wasted in scrambling to move to different classrooms.*

## REQUIREMENTS FOR CHARTER SCHOOL FACILITY FUNDING

To be eligible for capital outlay funds, a charter school must:

- (1) operate in-state for two or more years;
- (2) be governed by a board that has been established in Florida for two or more years;
- (3) be an expansion of an existing charter network already receiving funds;
- (4) have been accredited by an approved regional accrediting body; or
- (5) serve students in facilities provided by a business as part of a school-in-the-workplace program.

In addition to meeting one of these five requirements, charter schools must have no financial emergencies reported in their annual financial audit, have satisfactory student achievement based on state accountability standards, have received school district approval to operate, and serve students in facilities that are not provided by the sponsoring school district.<sup>37</sup> A charter school is not eligible to receive capital outlay funds if it was created by the conversion of a traditional public school and operates in a facility provided by the sponsor district (whether the facility is provided at nominal or no cost).<sup>38</sup>

## VOTER-APPROVED TAXES AND CHARTER SCHOOLS

When a school board sets or increases a



**Simaran Bakshi, Principal,  
Wayman Academy of the Arts, a  
high-performing charter school  
on Jacksonville's Westside**

Education Information Portal" PK-20 Education Information Portal, 2020, edstats.fldoe.org/SASPortal/main.do.

31. Florida Statutes 1013.62(1)

32. Florida Statutes 1013.62(1)

33. Florida Statutes 1013.62(2)(a)

34. Florida Statutes 1013.62(2)(e)

35. Florida Statutes 1013.62(2)(e)

36. Florida Statutes 1013.62 (2)(e)



discretionary or voter-approved tax (property or sales), revenue must be shared with charter schools on an enrollment basis.<sup>39</sup> A referendum must contain an explanation of the distribution of funds, consistent with legal requirements.<sup>40</sup>

If a charter school contract is not renewed or if it is terminated, any unencumbered capital outlay funds and all equipment and property purchased with district public funds shall revert to ownership of the school board.<sup>41</sup> The reversion of all equipment and property must focus on recoverable assets, and not on intangible or irrevocable costs (such as rent or leasing fees).<sup>42</sup> Additionally, the charter school must satisfy all financial obligations before its property reverts to the school district.<sup>43</sup> If a charter school is using a district-owned facility, the district and the charter school must agree to the use of funds before any expenditures.<sup>44</sup>

### WHAT EXPENSES CAN CAPITAL FUNDS COVER?

School districts and charter schools may use capital outlay revenue for a variety of purposes, which include:

- Purchase of real property;
- Construction of school facilities;
- Purchase or lease of permanent or relocatable school facilities;
- Purchase of vehicles to transport students to and from school;
- Renovation, repair, and maintenance of school facilities that are owned or being purchased through a lease, purchase, or long-term lease of five years or longer;
- Payment of insurance premiums for school facilities;
- Purchase or lease of driver's education vehicles as well as maintenance and operational vehicles;

- Purchase or lease of computers, hardware and software; and
- Media center collections in new schools.<sup>45</sup>

## BUILDING CODES FOR PUBLIC SCHOOLS

### TRADITIONAL PUBLIC SCHOOLS

The state of Florida has a uniform building code for traditional public schools.<sup>46</sup> The school building code is known as the State Requirements for Education Facilities (SREF), and no local law may preempt or alter these state requirements.<sup>47</sup> A school board may not approve plans for the construction, renovation, remodeling or demolition of any educational facilities unless they comply with state building requirements.<sup>48</sup> There are few exceptions allowed to these building standards for traditional public schools.

In addition, school districts are encouraged to design new school facilities to comply with building standards for shelters in order to assist with emergencies such as hurricanes if those schools are not in a category 1, 2 or 3 evacuation zone.<sup>49</sup> Schools may also be exempt if a regional planning council has determined the county does not have a need for more shelters.<sup>50-51</sup>

### CHARTER SCHOOLS

The biggest difference between traditional and charter public school facilities is that charter schools are exempt from SREF building requirements. Under Florida law, charter schools operate in accordance with their charter contract and are generally exempt from all education statutes in chapters 1000-1013.<sup>52</sup>

## HALF-PENNY REFERENDUM FOR SAFE, MODERN SCHOOLS

On Nov. 3, 2020, Duval County voters will decide on a half-penny sales tax to support upgrades to public school buildings, including traditional and charter schools. Learn more at [jaxpef.org/vote](http://jaxpef.org/vote).

37. Florida Statutes 1013.62(1)(a)  
38. Florida Statutes 1013.62(1)(b)  
39. Florida Statutes 1011.71 and Florida Statutes 212.055(6)(b)  
40. Florida Statutes 1011.71(9)  
41. Florida Statutes 1013.62(5)  
42. Florida Statutes 1013.62(5)  
43. Florida Statutes, Section 1013.62(5)  
44. Florida Statutes, Section 1013.62(5)

45. Florida Statutes, Section 1011.71(2) and 1013.62  
46. Florida Statutes, Section 1013.37(1)  
47. Florida Statutes, Section 1013.37(5)  
48. Florida Statutes, Section 1013.37(1)(c)  
49. Florida Statutes 1013.372(1)  
50. As determined by the Department of Emergency Management  
51. Florida Statutes 1013.372(1)  
52. Florida Statutes 1002.33(16)

# GET INVOLVED

The Jacksonville Public Education Fund is a think-and-do tank working to close the opportunity gap in Duval County.

## ○ VOTE 'YES' ON THE HALF PENNY FOR PUBLIC SCHOOLS.

On Nov. 3, 2020, Duval County voters will decide on a half-penny sales tax to upgrade school buildings across Duval County. Funding would benefit both aging traditional public schools and charter schools based on enrollment. Based on our independent research and role as a proactive advocate for children, JPEF supports the half-penny for public schools. Learn more at [jaxpef.org/vote](http://jaxpef.org/vote) and vote 'yes' on Nov. 3.

## ○ VISIT OUR ADVOCACY CENTER

Would you like to learn more about public education policy? You can follow important issues in school quality on JPEF's Advocacy Center at [jaxpef.org](http://jaxpef.org). We help inform you and provide contact information for you to share your voice with policymakers at Duval County Public Schools and in the Florida Legislature.

## ○ SPONSOR THE EDDY AWARDS

Research shows that teacher retention is critical to the success of our schools, in addition to the condition of school buildings. You can help retain great teachers in Duval County by sponsoring the EDDY Awards, the annual celebration of Duval County's Teachers of the Year. Your support also provides professional learning and projects in schools through JPEF's Teacher Leadership Initiative. Learn more at [jaxpef.org.org](http://jaxpef.org.org).

## ○ STAY INFORMED

Visit [www.jaxpef.org](http://www.jaxpef.org) to get news about public education, see the latest research, and look up individual school and district-wide trends on School Facts Jax. To schedule a presentation or to learn more, email [info@jaxpef.org](mailto:info@jaxpef.org) or call (904) 356-7757.



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